

# APPENDIX 7

**Councillor David Pugh**

Leader of the Council

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TO: ALL TOWN AND PARISH COUNCILS

5 December 2011

Dear Clerk

## **Budget 2012/13 and Economic Improvement Fund**

Today we are publishing a report setting out the IW Council's current financial position and establishing the context for our budget deliberations in February. This paper will be considered by the Cabinet on Tuesday 13<sup>th</sup> December.

I am writing to all town and parish councils to provide an update on the progress we have made over the past 12 months and also to provide information about a new economic initiative that we are proposing as part of our budget preparations for the next financial year – a budget which is likely to have a particular focus on the economy.

As you know, the IW Council has had to deliver substantial savings in the current financial year, due to funding reductions from Government along with increasing social pressures on our budget. We have sought to minimise the impact of these savings on frontline services, by continuing to squeeze as much as possible out of what would be considered to be the "back office". Of the £20.558m gross savings we agreed for the current financial year, some £15.611m (77%) related to management savings, back office efficiencies and income with just £4.947m (23%) coming from direct service related savings. However, this latter amount did mean that there has been a change to the services which the IW Council is able to provide on an ongoing basis. The scale of the savings we had to achieve always meant that there would be such an impact, however much we sought to minimise it.

I wrote to you all this time last year to set out the detail of what we were proposing in terms of service changes to libraries, toilets and Waterside Pool, and inviting parishes to take this into account when setting their precepts. As I made clear last year, this was not with a view to us foisting services onto parishes, but merely being upfront about what we were likely to discontinue as the IW Council, and therefore giving you the information you needed to prioritise your town / parish spending in a similar and informed manner.

Over the past 12 months, it has been heartening to see how many town and parish councils have responded positively to the implications of the decisions we have made at County Hall. I accept that many parishes did not necessarily agree with the approach we have taken in relation to some services in their respective areas, but recognised the implications of what we decided and responded by prioritising their own resources to support such services being reprovided at a local level, where desired. Furthermore, I appreciate that the journey to these reconfigured services has not always been easy. Over the past year, we have all been part of an evolving process in exploring how services could be effectively provided within community ownership, often dealing with emerging matters on an issue by issue basis. From community buses to libraries, we have collectively been grappling with issues such as TUPE, building transfers and training. The outcome of all of this is that we now have five community libraries, a comprehensive community bus service, many locally run public conveniences and a range of other services, such as Waterside Pool, being managed at a local level.

I appreciate that this process has not always been easy and am grateful for the determined efforts of town and parish councillors and clerks to resolve issues and find pragmatic solutions over the past year. Collectively we have moved a long way forward and this is in no small part down to your efforts.

All of this has contributed to the IW Council's efforts to deliver the level of savings which is necessary to put the local authority on an affordable spending base for the years ahead. As a result of the rigorous financial controls we have implemented, we are expecting to achieve a sizeable net saving / underspend in the current financial year. This is to be welcomed, as such savings within the IW Council not only ensure we are well placed to tackle the financial challenges (and funding reductions) of future years, but also allows us to look at how we can use these remaining resources from the current year to support one-off initiatives that will benefit our Island community.

You will appreciate that due to future financial constraints we are not in a position to reinstate revenue funding for various services, as we cannot increase our ongoing spending commitments when our overall funding base is due to reduce further. However our prudent financial management over the past year does allow us to explore making some one-off funding available to pump-prime particular initiatives in our communities. With this in mind, and our determination to do all we can to boost the Island's economy (including tourism and jobs) we are intending to make much of this one-off funding available to support work on this front – in line with our corporate objective for *Regeneration and the Economy*, as set out in the [IW Council's Corporate Plan](#).

However, we do not want to do this alone. Town and parish councils are well placed to have a good understanding of what possible initiatives in their respective areas could contribute to economic wellbeing. Even small things, such as improving public realm, information and signage can assist the visitor economy, by making our towns and villages more attractive and accessible to potential visitors. Therefore, rather than just invest this one-off funding on what we alone – as the Isle of Wight Council – think are the priorities, we wish to do it in partnership with town and parish councils. This approach not only acknowledges your central role in community life, but also recognises that you are likely to have an informed understanding of what will contribute to economic prosperity in your local areas.

We are therefore proposing to introduce an **Economic Improvement Fund**, to the value of £250,000, to be rolled out in the 2012/13 financial year. (This proposal is due to be considered by Cabinet on 13<sup>th</sup> December 2011, and is recommended for approval. The content of the remainder of this letter and the proposed criteria is therefore subject to the recommended decision being made next week.) This fund, which would be allocated on a proportional basis to all 33 town and parish council areas, would be specifically for projects which would directly or indirectly contribute to economic wellbeing. As I have alluded to above, this may include environmental projects, where such initiatives would contribute to the IW Council's corporate objective of *Regeneration and the Economy*. Similarly, any projects that offer young people the opportunity to learn new work-related skills could contribute to this objective.

The following page sets out the criteria and process for applying for this funding. The key qualifying criteria is that the funding must be match funded at a local level, whether this be through a town or parish council, a grouping of parishes or in partnership with other local organisations. Essentially, we are looking to double the value of this investment to £500,000, by requiring a minimum of match funding for any IW Council funds which are made available. This requirement is to ensure that there is a shared commitment from both the IW Council and the local community (principally through parishes) to invest and support such initiatives, and so that we can maximise the full potential benefit of this investment. Furthermore this approach will be an active demonstration of key partnership working between the two levels of local government, serving the communities in our respective areas.

I would therefore like to encourage all town and parish councils to take advantage of this opportunity and work with us to help improve the economic wellbeing of their localities. Whilst the amount of money available will not deliver large scale initiatives, we hope that it will go some way to improving the quality of our offer in these areas and act as a catalyst for further improvements and prosperity. We would really urge all parishes to give detailed consideration to what initiatives could most effectively contribute to the improvement of local economic wellbeing.

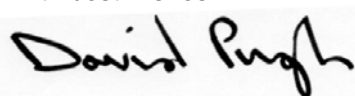
We hope that the timing of this letter is helpful in allowing town and parish councils to consider this offer when setting their precept levels for next year. We appreciate that parishes may need to consider the allocation of sufficient funds to provide match funding as part of this process, therefore enabling them to draw on their proposed local allocation from the Economic Improvement Fund. **We have therefore set the deadline for applying for this fund at Friday 17<sup>th</sup> February 2012, allowing over two months to prepare and finalise applications. Town and parish councils are also requested to let the IW Council know their agreed precept level by this date.**

Finally, I would once again like to thank town and parish councils for their constructive response to difficult IW Council decisions over the past 12 months, and offer a hope that this latest initiative will enable us to strengthen our partnership work going forward. I also hope that the Economic Improvement Fund will be seen as a genuine recognition by the IW Council that, having seen the progress of parishes over the past year, you are well placed and able to lead other local projects – such as this.

Please can you pass a copy of this letter to all your town / parish councillors.

I would like to take this opportunity to wish all of you a Merry Christmas and a Happy New Year.

With best wishes



Councillor David Pugh – **Leader of the Isle of Wight Council**

**CC: All Isle of Wight Councillors**

## **Economic Improvement Fund** Qualifying Criteria & Timescales

All town and parish areas have been allocated a provisional sum of funding from the £250,000 budget, proportionate to their size. These allocations are listed further below. In order to qualify for this funding, the following criteria / requirements apply:

- This funding must be spent in support of projects that contribute to the economic wellbeing / improvement of the parish area(s). This may include environmental initiatives which are likely to enhance the quality of the offer of towns / villages to residents and visitors, including the appearance of the area, or may include projects that offer young people the opportunity to learn new work-related skills. It may also include existing projects / initiatives which would benefit from further investment to contribute to economic wellbeing / improvement.
- The funding can be spent on a range of projects that contribute to this objective, up to the total value of the allocated sum, subject to the total amount sought being match-funded (as a minimum) by the town / parish council(s) and / or other local organisations.
- The funding cannot be used to subsidise or support any individual local businesses.
- Any proposed projects should not be directly contrary to existing IW Council policies and objectives.
- Any ongoing revenue and maintenance costs associated with such investment must be borne by the town / parish council(s) and / or supporting local organisations.
- Neighbouring town / parish councils may combine their allocations to invest in initiatives that benefit their areas collectively, subject to the combined total being match funded at a local level.
- Town / parish councils will be the principal locally accountable body for the expenditure when working in partnership with local organisations.
- If a town / parish council is unwilling to take up the allocation for their area, consideration will be given to approaches from other organisations who may be prepared to lead (and match fund) projects locally. The same deadline will apply.
- If no approach is received from a town / parish council or organisation in a particular area, this funding may be redistributed to support projects elsewhere on the Island.
- Town / parish councils (and other organisations) should work with their local IW Council member(s) in bringing forward any project. The ideas should ideally be developed in dialogue with local IW Council members, and wherever possible have their support at the stage of submission.

### **Will town / parish councils be required to raise their precept to provide match funding for their allocation?**

Not necessarily. The requirement is for a minimum of match funding to be provided by the town / parish council(s) and / or other organisations. Town / parish councils may choose to reprioritise their existing resources to provide this match funding, or draw on their reserves for these one-off initiatives. Furthermore, they may have existing locally funded projects which would meet the economic wellbeing criteria which can receive a greater level of support in 2011/12 by drawing on the money from the Economic Improvement Fund. If parishes do choose to raise their precept to provide match funding, the average increase for a Band D household would be £4.51 a year.

**If you wish to apply for this funding, please return the accompanying form to Chris Mathews by Friday 17<sup>th</sup> February 2012.** You should include with this form letters / emails of support from local IW Council member(s), where secured. Please note that projects that have been developed in partnership with local IW Council member(s), and are endorsed by them, are more likely to be approved.

The applications for the funding will then be considered by a panel of three senior IW Council officers. Town / parish councils (or other organisations) will be notified by the end of March 2012 (at the latest) whether their projects have been approved, with funding then being allocated to successfully approved projects. The presumption will be in favour of approval, subject to the criteria set out above being met. If you have any questions, please contact Chris Mathews on 821000 / [chris.mathews@iow.gov.uk](mailto:chris.mathews@iow.gov.uk).

### **Allocations of £250,000 fund by parish area**

Arreton	£1,773	Godshill	£2,751	Sandown	£11,697
Bembridge	£9,377	Gurnard	£3,635	Shalfleet	£3,385
Brading	£3,792	Havenstreet & Ashe	£1,587	Shanklin	£16,623
Brighstone	£3,761	Lake	£8,668	Shorwell	£1,527
Calbourne	£1,803	Nettlestone & Seaview	£7,721	St Helens	£2,625
Chale	£1,275	Newchurch	£4,993	Totland	£6,164
Chillerton & Gatcombe	£910	Newport	£36,425	Ventnor	£12,477
Cowes	£19,332	Niton & Whitwell	£4,443	Whippingham	£1,570
East Cowes	£11,213	Northwood	£4,061	Wootton	£6,751
Fishbourne	£1,879	Rookley	£1,160	Wroxall	£3,058
Freshwater	£11,455	Ryde	£39,723	Yarmouth	£2,381